

2002
ANNUAL REPORT **Boston Pizza®**

ROYALTIES INCOME FUND

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IT'S ABOUT...

success

Glossary of Terms

FUND	Boston Pizza Royalties Income Fund
PARTNERSHIP	Boston Pizza Royalties Limited Partnership
BPI	Boston Pizza International Inc.
IPO	Initial Public Offering – date July 17, 2002
GROSS SALES/ SYSTEMS SALES	Gross revenue generated from Boston Pizza restaurants across Canada
FRANCHISE SALES	Gross revenue generated from Boston Pizza restaurants across Canada, less sales generated from alcohol, tobacco and Boston Pizza International Inc. approved national promotions and discounts
SALES GROWTH	The increase in gross revenue generated from Boston Pizza restaurants across Canada over a previous period
SSSG	Same store sales growth - refers to the overall increase in sales of Boston Pizza restaurants that have been opened for a minimum of 24 months
FULL SERVICE RESTAURANTS	Establishments that may sell alcoholic beverages, provide take-out services, operate a bar, or present live entertainment in addition to serving food and non-alcoholic beverages. This industry includes full-service establishments known as fine-dining restaurants, family restaurants and restaurant-bars. <i>Source: Statistics Canada</i>
CASUAL DINING	\$10-\$20 average cheque, full table service, themed atmosphere, generally little take-out service
CRFA	Canadian Restaurant and Foodservices Association
FISCAL YEAR	As it applies to the Fund, for 2002 means July 17 to December 31, after January 1, 2003 it means January 1 to December 31. As it applies to BPI, prior to 2002 it means September 1 to August 31, after September 1, 2002 it means September 1, 2002 to December 31, 2002, after January 1, 2003 it means January 1 to December 31.
4-MONTH PERIOD	September 1, 2002 to December 31, 2002
ROYALTY POOL	In any period, those Boston Pizza restaurants on which royalty equating to 4% of franchise sales is to be paid to the Fund.

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BOSTON PIZZA INTERNATIONAL INC.

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2003
MENU



Letter from the Chairman of Boston Pizza Royalties Income Fund

On behalf of the Trustees of the Boston Pizza Royalties Income Fund ("the Fund"), I would like to extend a warm welcome to our Unitholders and I am pleased to present our first Annual Report. This report covers the fiscal period beginning with our very successful initial public offering on July 17, 2002 and ends on December 31, 2002. These results are also available on the Fund's website at www.bpincomefund.com. We encourage you to visit our website to view new developments on Fund activities.

The Launch of a New Investment Opportunity

The Fund¹ was launched on July 17, 2002 when it acquired the trademarks and trade names owned by Boston Pizza International Inc. ("BPI") which are used in connection with the operation of Boston Pizza restaurants in Canada. In turn the Fund licensed these rights back to BPI, receiving a 4% royalty of Franchise Sales from all Canadian Boston Pizza restaurants that are part of the Royalty Pool. For the fiscal period covered by this report, there were 154 restaurants in the Royalty Pool. Subsequent to this period eight new restaurants were added on January 1, 2003.

The Fund did not acquire BPI as part of the initial public offering. BPI continues to be the franchisor of Boston Pizza restaurants. Consequently, the Fund's principal source of revenue is the royalty derived from the Franchise Sales of Boston Pizza restaurants. The Fund's success is tied to the continuing success of BPI as the franchisor of Boston Pizza restaurants.

Financial Highlights

We are pleased to report that Boston Pizza continued to deliver industry-leading results in 2002. In the face of a generally challenging environment for the foodservice industry, Boston Pizza outperformed the foodservice industry as a whole and led the casual dining sector. While the full-service restaurant sector achieved sales growth of 4.1%² in calendar 2002, Boston Pizza posted growth of 14.4% in gross sales during this same period from a combination of new store openings and same store sales growth ("SSSG"). We are especially proud to report that Boston Pizza SSSG, a key metric for both Unitholder yield growth and the ongoing growth of the Boston Pizza brand, was 5.3% for calendar 2002.

For this fiscal period, the Fund received royalty income of \$4,968,119 from BPI as well as interest income of \$831,433 on the \$24 million loan to BPI. Expenses made up primarily of general and administrative and interest expense amounted to \$452,823.

After payment of distributions in the amount of \$1,707,104 on BPI's 20% indirect interest in the Fund, the Fund's net earnings were \$3,639,625. The Fund declared aggregate distributions of \$3,525,866 or \$0.4585/unit. This translates into an annualized distribution of \$1.00 per unit.

A key attribute of the Fund structure is the fact that it is a "top-line" Fund. Cash distributions paid to Unitholders are based on top-line revenue and are not determined by the profitability of the Boston Pizza restaurants in the Royalty Pool.

The Fund's distribution policy is to distribute all available cash in order to maximize returns to Unitholders. In light of small seasonal variations that are inherent to the restaurant industry, the Fund's policy is to make equal distribution payments to Unitholders on a monthly basis in order to smooth out these fluctuations.

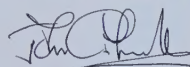
Outlook

BPI management believes that Boston Pizza will have another successful year. BPI anticipates that approximately 15 new Boston Pizza restaurants will open across Canada in 2003 further enhancing brand awareness on a national level. BPI management further believes that the organization can continue to deliver on the most important metric to Unitholders, namely SSSG. Through strong television and radio advertising, and national and local promotions, BPI management believes that the organization can deliver SSSG performance consistent with results over the last 10 years. As part of this SSSG, Boston Pizza will continue its unique renovation program that requires each location to renovate every seven years. In 2003, 20 renovations are planned. Historically SSSG for renovated locations have increased between 10-15% post renovation.

We are confident that these initiatives will enhance Boston Pizza's efforts to develop new markets while continuing to strengthen Boston Pizza's position as Canada's number one casual dining brand. With 163 restaurants stretching from Victoria to Halifax, Boston Pizza has more locations and serves more customers annually than any other casual dining destination in Canada.

In closing, I would like to take this opportunity to thank each Unitholder for your support and for the confidence you have demonstrated by investing in the Fund.

On behalf of the Board of Trustees,



John Cowperthwaite, FCA
Chairman, Boston Pizza Royalties Income Fund

¹ Any further references to the Fund refer to the Fund and its subsidiaries, as the financial results presented in this Annual Report are presented on a consolidated basis.

² Source: CFRA

Letter from the President of Boston Pizza International Inc.

On behalf of Boston Pizza International Inc. ("BPI"), its board of directors, management team and employees, we are pleased to present the Annual Report for 2002. In 2002 BPI made the decision to change its fiscal year-end from August 31 to December 31 to correspond with the reporting period of the Boston Pizza Royalties Income Fund (the "Fund"). Synchronizing the two year-ends will be beneficial to Unitholders of the Fund, as well as analysts, in their review of the Fund and BPI's financial results. This report covers the abbreviated fiscal period of September 1, 2002 to December 31, 2002.

Financial Highlights

We are pleased to report that Boston Pizza continued to prosper in 2002. In the face of a generally challenging environment for the foodservices industry, we outperformed both the foodservice industry as a whole and led the casual dining sector. While the full-service restaurant sector achieved sales growth of 4.1%¹ in calendar 2002, Boston Pizza posted industry leading sales growth of 14.4% during this same period from a combination of new stores and same store sales growth ("SSSG"). We are especially pleased to report that our SSSG, a key performance indicator of the ongoing growth of our brand, was 5.3% for calendar 2002.

In the 2002 calendar year, BPI and its franchisees expanded the number of locations and endeavoured to improve the experience for our customers. During the 2002 calendar year Boston Pizza opened 13 new restaurants, including 11 new locations, two relocations of existing units to improved locations, and had no closures. This demonstrates the appeal of our products, strength of our brand and viability of our economic model at the franchise level. These impressive statistics are difficult to achieve in the competitive environment of the restaurant sector and they are a testament to the mix of quality service and business discipline that Boston Pizza delivers. We recognize, however, that our customers' overall experience in our restaurants can always be improved. To that end, our operations team continued to review and improve our menu, enhanced our franchisee training and increased the level of field support. Boston Pizza also continued its distinct renovation program renovating a total of 13 locations. This is especially significant to Unitholders of the Fund as the SSSG for renovated locations has historically been 10-15% post renovation.

Business Strategy

For the third year in a row Boston Pizza continued to increase its market share as Canada's number one casual dining brand. This was accomplished by continuing to focus on three strategic priorities that are the foundation for all strategic decision-making. They are what we refer to as our "Three Pillars" strategy.

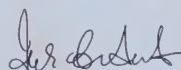
- **The commitment to franchisee profitability**
- **The commitment to continually enhance the brand**
- **The commitment to continually improve the customer experience**

Outlook

BPI management believes that Boston Pizza will have another successful year. BPI anticipates that approximately 15 new Boston Pizza restaurants will open across Canada in 2003 further enhancing brand awareness on a national level. BPI management further believes that in 2003 the organization can continue to deliver on the most important metric to Unitholders, namely SSSG. Through strong television and radio advertising, and national and local promotions, management believes that the organization can deliver SSSG performance consistent with results over the last 10 years. As part of this SSSG, Boston Pizza will continue its unique renovation program that requires each location to renovate every seven years. In 2003, 20 renovations are planned.

With over 70 locations planned in our development pipeline for the next five years, a unique renovation program, strong SSSG, and our continued commitment to operational improvements, Boston Pizza management believes it will continue to be Canada's number one casual dining brand.

On behalf of Boston Pizza International Inc.,



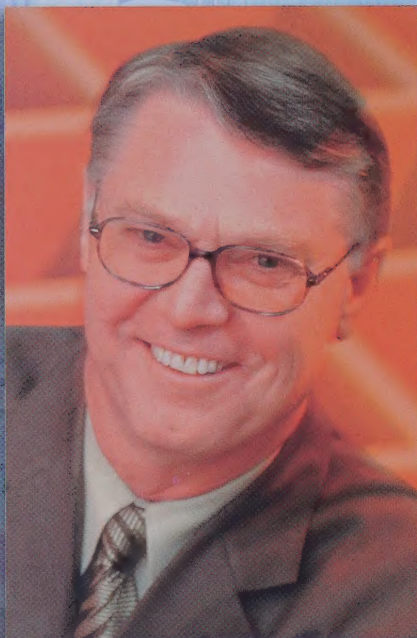
Mike Cordoba
President and Chief Operating Officer
Boston Pizza International Inc.

¹ Source: CRFA

IT'S ABOUT...



JIM TRELIVING
Chief Executive Officer
Boston Pizza International Inc.
35 Years of Service



GEORGE MELVILLE
Chief Executive Officer
Boston Pizza International Inc.
30 Years of Service



MIKE CORDOBA
President & Chief Operating Officer
Boston Pizza International Inc.
10 Years of Service



MARK POWELL
Chief Financial Officer
Boston Pizza International Inc.
2 Years of Service

stability

Average length of service for senior management:

10+ years

13 renovations completed in calendar 2002.

Average SSSG post-renovation

10 to 15%

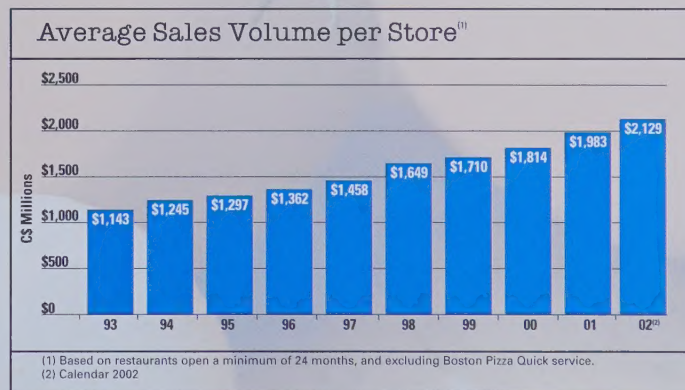
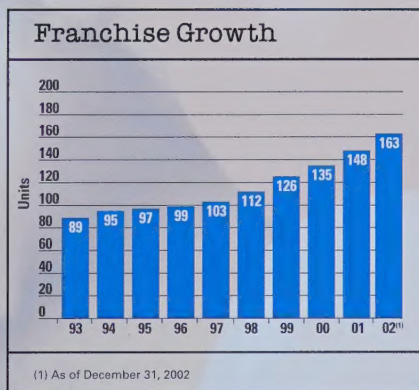
Have not reported negative SSSG in the last 10 years. This is a key metric for yield growth.

Only 2 closures/non-renewal of franchise agreements over the last 5 years.

A rate of less than 0.5% where the Food Service Industry bankruptcy rate for the last 5 years is an average of 1.9% – Source CRFA

100+ Corporate staff

A franchised concept – Only 2 of the 163 locations are corporately owned. Thus, very little capital requirements are required for growth. Growth is driven by BPI's focus on franchising.



IT'S ABOUT...



Over the years, the Boston Pizza concept has evolved from a pizza and spaghetti house into a concept with a diverse menu, lively decor restaurant and a sports themed bar. The prototype ranges from 5500 to 6500 square feet and seats 180 to 225 guests, plus a 50 to 75 seat patio.

growth

Primary driver for yield growth is same store sales growth. (SSSG)
For Calendar 2002 SSSG was:

5.3%

Compound annual growth rate (CAGR) over the last 9 years:

16.5%

Overall gross sales growth in 2002:

14.4%

THE NUMBER OF NEW STORES OPENED IN 2002 FROM LANGFORD, BC TO MONCTON, NB:

11 new locations plus **2** relocations.

GROSS SALES

2002:

\$332 million

4-month period:

\$112 million

FRANCHISE SALES

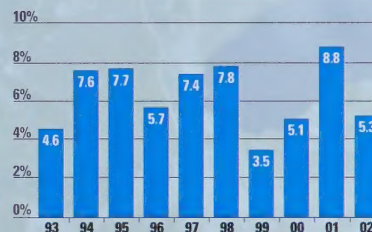
2002:

\$270 million

4-month period:

\$91 million

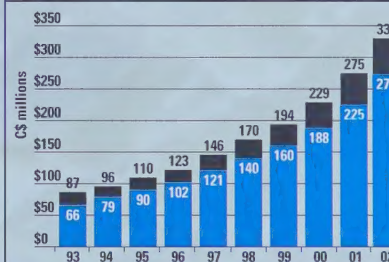
Same Store Sales Growth⁽¹⁾



(1) Year over year comparison based on all stores that have been open a minimum of 24 months.

(2) Calendar 2002

System Sales & Franchise Sales



■ Franchise Revenue ■ System Sales

(1) For the 12-month period ending December 31, 2002

IT'S ABOUT...



1964
First Boston Pizza
opens in Edmonton



1968
Jim Treliving opens
the first Boston Pizza
in British Columbia

1973
First Boston Pizza
corporate office
opens in Edmonton

1973
Jim Treliving
and George Melville
form partnership



1983
Jim Treliving and
George Melville purchase
Boston Pizza International Ltd.
They would divest themselves
over the next few years of all
but one location to focus on
franchising the concept and
providing operational support
to each location.



1978
Ron Coyle purchases
Boston Pizza from
Gus Agioritis



1986
Boston Pizza lands Expo86 deal
Operates 3 restaurants at this
world-class event. The Expo
restaurants would generate
more than \$8 million in sales.



1993
Air Miles Reward
Program is launched
at Boston Pizza



1990
Boston Pizza Foundation
is formed - \$3,000,000
raised to-date for various
charities

1995
Boston Pizza décor begins
evolution – The interior and later
exterior of the Boston Pizza design
start to dramatically evolve and
sales at new locations reflect
the enhanced look.

1994
The Financial Post names Boston Pizza
as one of Canada's 50 Best Managed
Private Companies. Recognition of this
award continues through to 2003.



1993
First Valentine's Day
Heart-Shaped Pizza
Promotion - \$1,000,000
raised to-date for
Heart & Stroke Foundation

1992
John Ratzenberger is
retained as Boston Pizza
celebrity spokesperson



1995
Boston Pizza
system sales hits
\$100 million

1996
Boston Pizza opens
its 100th location in
Grand Centre, Alberta



2002
Boston Pizza
Royalties Income
Fund is born



1997
Boston Pizza opens
Eastern Office in
Mississauga, Ontario

2000
Boston Pizza
system sales hits
\$200 million

2001
Boston Pizza opens its
150th location in
Halifax, Nova Scotia

2002
Howie Mandel is
retained as new
Boston Pizza celebrity
spokesperson

2002
Boston Pizza
system sales hits
\$300 million



history

August 12, 1964 – Gus Agioritis opens the first Boston Pizza at 12430 - 118th Ave. Edmonton, AB

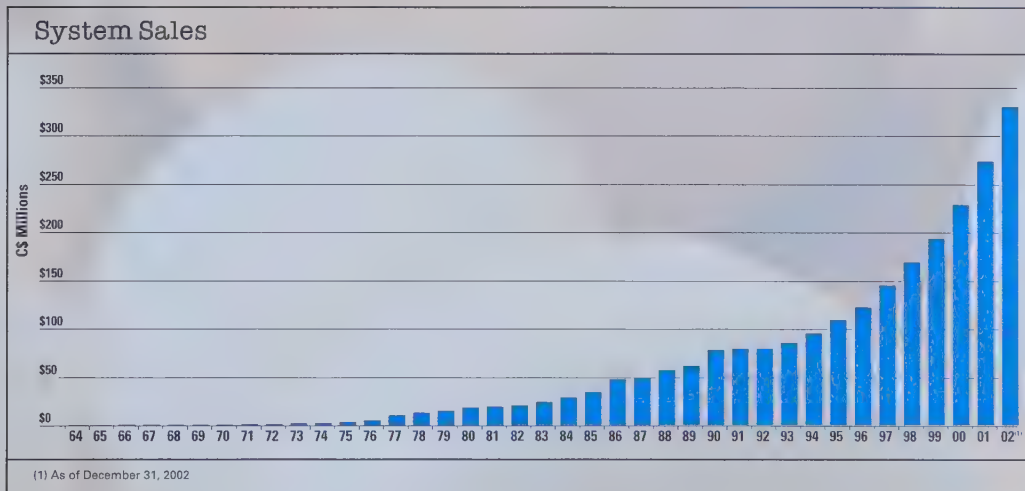
Jim Treliving and George Melville, the owners of BPI, acquired the concept in 1983. Under their leadership, the concept has grown from **44 locations** in 1983 to **163 locations** nationwide as of December 31, 2002.

12 years for sales to grow from **\$25 million to \$100 million**

5 years for sales to grow from **\$100 million to \$200 million**

2 years for sales to grow from **\$200 million to \$300 million**

Momentum continues to build.



IT'S ABOUT...



Young Adults

KEY
DEMOGRAPHICS



Families



Canada's #1 casual dining brand

More locations and customer visits per year than any other concept in Canada.

20 million
customer visits in 2002.

163 locations
as of December 31, 2002.

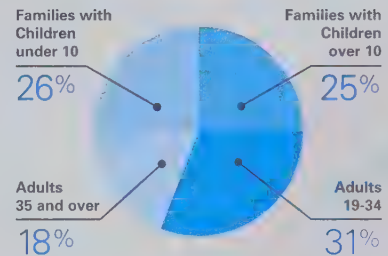
A single brand focus with
two distinct demographics

- ① Families
- ② Young Adults

Boston Pizza's success has been based
on franchising and an adherence to
three strategic priorities that form the
backdrop for all decision making.

- ① A commitment to
franchisee profitability
- ② A commitment to building
the Boston Pizza brand
- ③ A commitment to
continually improving
the customer experience

Customer Breakdown



Boston Pizza Royalties Income Fund Management Discussion & Analysis

PERIOD FROM JULY 17, 2002 TO DECEMBER 31, 2002

OVERVIEW

On July 17, 2002 the Boston Pizza Royalties Income Fund ("the Fund") purchased, through the Boston Pizza Royalties Limited Partnership (the "Partnership"), the BP Rights¹ from Boston Pizza International Inc. ("BPI"). Concurrent with the transfer of the BP Rights to the Partnership, the Partnership granted a license to BPI for the use of the BP Rights, for which BPI will pay royalties to the Partnership on a monthly basis. The royalty is 4% of Franchise Sales for 154 franchised restaurants that were open throughout Canada as at April 30, 2002 (collectively the "Royalty Pool"). The term of this license is 99 years.

This Annual Report covers the period of July 17, 2002 to December 31, 2002. No comparative year over year financial information is available for the Fund², since it commenced operations on July 17, 2002.

Commencing on January 1, 2003 and annually thereafter ("Adjustment Date"), an adjustment will be made to add to the Royalty Pool new Boston Pizza restaurants that have been open at least 60 days prior to that Adjustment Date. At each annual adjustment, BPI will receive the right to indirectly acquire additional Fund units (the "Additional Entitlement"). The Additional Entitlement is calculated as 92.5% of the royalty revenue added to the Royalty Pool, divided by the yield of the Fund units. BPI receives 80% of the Additional Entitlement initially, with the balance received when the actual full year performance of the new restaurants is known with certainty. The adjustment for new Franchise Sales earned on the new restaurants added to the Royalty Pool is designed to be accretive for Unitholders. The first adjustment on January 1, 2003 saw eight new Boston Pizza restaurants added to the Royalty Pool and, in return BPI received the right to acquire an additional 448,273 units of the Fund.

As of December 31, 2002 BPI had an indirect 20% interest in the Fund. On January 1, 2003, as a result of the eight new stores rolled into the Royalty Pool, BPI had an indirect 23.58% interest in the Fund. BPI has committed to maintain at least a 20% interest in the Fund until there is a minimum of 275 Boston Pizza restaurants included in the Royalty Pool.

Subsequent to April 30, 2003, the Fund will either receive or issue additional Class B Unit entitlements from/to BPI for the 12 restaurants that were included in the initial Royalty Pool but had not yet been open 12 months at April 30, 2002. The adjustment is based on whether royalty received from these restaurants exceeds or is less than the original estimated royalty revenue. We anticipate that these restaurants will slightly exceed original royalty revenue projections, resulting in a one-time cash payment from the Fund to BPI. The amount is not expected to be significant.

Increases in Franchise Sales are derived from both new Boston Pizza restaurants and same store sales growth ("SSSG"). The key metric for yield growth of the Fund is SSSG. SSSG from existing restaurants is dependent on maintaining operational excellence within each Boston Pizza restaurant, general market conditions, pricing and marketing programs undertaken by BPI. One of BPI's competitive strengths in increasing Franchise Sales is that BPI's Franchise Agreement requires that each Boston Pizza restaurant undergo a complete store renovation every seven years as well as complete any equipment upgrades as required by BPI. Following a complete store renovation, Franchise Sales for renovated locations have historically increased by an average of 10-15%. Franchise Sales are also affected by the permanent closures of Boston Pizza restaurants. A Boston Pizza restaurant is closed when it ceases to be viable or when BPI has agreed with the franchisee to terminate the Franchise Agreement. In the last five years, only two full-service Boston Pizza restaurants were closed, a statistic significantly below the industry average. In the event that a location actually closes, the Fund has a make-whole provision agreement with BPI. BPI will replenish the royalties that would have been paid to the Fund.

The following information provides additional analysis of the operations and financial position of the Fund and should be read in conjunction with the consolidated financial statements and accompanying notes.

OPERATING RESULTS Revenues

For the 12-month period ending December 31, 2002, industry figures indicate that sales for full service restaurants in Canada grew by a total of 4.1%³. For this same period, Boston Pizza's total sales grew by 14.4%. This total sales increase was attributable to a combination of the addition of 11 new stores, plus two relocations, and strong SSSG. Of the 11 new stores and two relocations, two restaurants that were relocated and two of the new locations were included among the 154 restaurants in the initial Royalty Pool. Eight of these new locations were added to the Royalty Pool on January 1, 2003 and one location was open for less than 60 days prior to January 1, 2003 and thus will be added to the Royalty Pool on January 1, 2004. Boston Pizza's SSSG was 5.3% for calendar 2002.

¹ BP Rights are the trademarks that as at July 17, 2002 were registered or the subject of pending applications for registration under the Trademarks Act (Canada), and other trademarks and the trade names which are confusing with the registered or pending trademarks. The BP Rights purchased do not include the rights outside of Canada to any trademarks or trade names used by BPI or any affiliated entities in its business, and in particular do not include the rights outside of Canada to the trademarks registered or pending registration under the Trademarks Act (Canada).

² Any further references to the Fund refers to Fund and its subsidiaries, as the financial results presented in this annual report are presented on a consolidated basis.

³ Source: CRFA

Boston Pizza Royalties Income Fund

Management Discussion & Analysis

PERIOD FROM JULY 17, 2002 TO DECEMBER 31, 2002

Revenues (continued)

For the period of July 17, 2002 to December 31, 2002 royalty income received by the Fund was \$4,968,119 and interest income was \$831,433. The royalty income was based on the Royalty Pool of 154 franchised full-service Boston Pizza restaurants in Canada reporting Franchise Sales of \$124,202,975. Interest income for the period was primarily derived from a \$24.0 million loan from the Fund to BPI. Interest is paid monthly by BPI at a rate of 7.5% per annum.

Operating Expenses

The Fund's consolidated operating expenses were \$452,823: including \$319,413 general and administrative expense, \$120,910 interest expense on its \$5 million term loan, and \$12,500 for amortization of deferred financing charges on its credit facilities. The general and administrative expenses are comprised mainly of trustee fees, insurance premiums, professional fees, and transfer agent costs.

Of the \$4,968,119 of royalty income earned by the Fund, \$1,707,104 was distributed to BPI in respect of its 20% indirect interest in the Fund.

Distributions

Net Earnings of the Fund were \$3,639,625 with the Fund declaring \$3,525,866 or \$0.4585 per unit in distributions as follows:

Period	Payment Date	Amount/unit
July 17-31, 2002	August 30, 2002	4.20¢
August 1-31, 2002	September 30, 2002	8.33¢
September 1-30, 2002	October 31, 2002	8.33¢
October 1-31, 2002	November 29, 2002	8.33¢
November 1-30, 2002	December 30, 2002	8.33¢
December 1-31, 2002	January 31, 2003*	8.33¢

*Declared December 18, 2002 - paid subsequent to the reporting period

This translates into an annualized distribution of \$1.00 per unit.

LIQUIDITY & CAPITAL RESOURCES

The Fund's distribution policy is to distribute all available cash in order to maximize returns to Unitholders. In light of small seasonal variations that are inherent to the restaurant industry, the Fund's policy is to make equal distribution payments to Unitholders on a monthly basis in order to smooth out these fluctuations. Any potential increase in distributions will be conducted in such a manner so that the continuity of uniform monthly distributions is maintained, while making provisions for working capital due to seasonal variations of Boston Pizza restaurant sales.

The \$5 million non-revolving term loan facility was acquired during the IPO to partially finance the purchase of the Canadian trademarks from BPI, and to provide term debt as part of the capital structure. The initial term of this loan is three years and non-revolving. The Fund will arrange for the renewal of this loan upon maturity.

At the time of the IPO, a \$1 million operating line of credit was acquired to allow the Fund to manage any timing mismatches between royalty revenue inflows and distributions to the Unitholders of the Fund. The term of this loan is 364-day revolving. As of December 31, 2002 the Fund's \$1 million operating line of credit was 100% available and there was \$126,259 in working capital available to the Fund.

OUTLOOK

BPI management expects that Boston Pizza will continue to strengthen its position as the number one casual dining brand in Canada. With 163 restaurants stretching from Victoria to Halifax, Boston Pizza has more locations and serves more customers annually than any other casual dining concept in Canada. BPI anticipates that approximately 15 new Boston Pizza restaurants will open across Canada in 2003 further enhancing brand awareness on a national level. BPI management further believes that the organization can continue to deliver SSSG results consistent with the organization's performance over the last 10 years. Boston Pizza will continue its renovation program that requires each location to renovate every seven years. In 2003 there are 20 renovations planned. Historically SSSG for renovated locations has been 10-15%.

During 2002, BPI implemented an employee incentive plan titled "BP TIPS". This plan is designed to align the interests of BPI employees with the interests of the Fund. BP TIPS is available to all employees of BPI and is based on two criteria: SSSG and the number of new stores opened. SSSG is the key driver for yield growth of the Fund and

Boston Pizza Royalties Income Fund Management Discussion & Analysis

PERIOD FROM JULY 17, 2002 TO DECEMBER 31, 2002

OUTLOOK (continued)

adding new stores throughout the year increases critical mass and market distribution of the Boston Pizza brand. This plan will be paid for solely by BPI and not the Fund.

As with all forward-looking statements due care and caution should be employed to ensure that appropriate interpretation is made. Please refer to note below for further clarification.

RISKS AND UNCERTAINTIES The Restaurant Industry

The performance of the Fund is directly dependent upon the royalty and interest payments received from BPI. The amount of royalty received from BPI is dependent on various factors that may affect the casual dining sector of the restaurant industry. The restaurant industry generally, and in particular the casual dining sector, is intensely competitive with respect to price, service, location and food quality. Competitors include national and regional chains, as well as independently owned restaurants. If BPI and the Boston Pizza franchisees are unable to successfully compete in the casual dining sector, Franchise Sales may be adversely affected; the amount of royalty reduced and the ability of BPI to pay the royalty or interest on the BP Loan may be impaired. The restaurant industry is also affected by changes in demographic trends, traffic patterns, and the type, number, and location of competing restaurants. In addition, factors such as government regulations, smoking bylaws, inflation, publicity from any food borne illnesses, increased food, labour and benefits costs, and the availability of experienced management and hourly employees may adversely affect the restaurant industry in general and therefore potentially Boston Pizza Franchise Sales. BPI's success also depends on numerous factors affecting discretionary consumer spending, including economic conditions, disposable consumer income and consumer confidence. Adverse changes in these factors could reduce guest traffic or impose practical limits on pricing, either of which could reduce revenue and operating income, which could adversely affect revenue, the royalty and the ability of BPI to pay the Royalty or interest on the BP Loan.

Boston Chicken / Boston Market Litigation

Since 1995, BPI has been challenging Boston Chicken Inc. and Global Restaurant Operations of Ireland Limited registration of the "Boston Chicken" trademark in Canada. Subsequent to December 31, 2002, the Federal Court of Appeal unanimously ordered the expungement of "Boston Chicken" from the trademark registry. The expungement of the "Boston Chicken" trademark is a significant

victory because there is now only one owner (the Partnership) of registered trademarks using "Boston" in connection with restaurant foodservices in Canada. Additionally, since 1995 BPI has opposed the registration of the "Boston Market" trademark. As a result, "Boston Market" is not yet a registered trademark. In 2002 BPI and the Partnership commenced legal action against Global Restaurant Operations of Ireland Limited, Boston Market Canada Company, Boston Market Corporation, and McDonald's Restaurants of Canada Limited (the "McDonald's Group") for trademark infringement over the McDonald's Group's use of "Boston Market". BPI management and the Partnership intend to continue to vigorously defend any infringement or unauthorized use of the Boston Pizza trademarks. In the fall of 2002 the McDonald's Group commenced legal actions challenging the validity of the Boston Pizza trademarks owned by the Partnership, some of which have been registered, and in use for over 30 years. BPI management believes that this is a tactical maneuver by the McDonald's Group and is unlikely to succeed. However, in the unlikely event that the challenge to the Boston Pizza trademarks is successful, the Fund would lose the benefits of registration of its trademarks under the *Trade-Marks Act* (Canada), which may mean losing the ability to prevent others from using the registered trademarks for the goods and services for which they are registered and to prevent others from using similar or confusing trademarks or names. However the loss of the registration under the *Trade-Marks Act* (Canada) would not prevent the Partnership from continuing to license and use the "Boston Pizza" and related trademarks in the existing operations and geographic territories where they are presently used and from taking other measures to protect their rights in respect of, and their liability to use, the "Boston Pizza" and related trademarks, in new areas where BPI and its sub-licensees do not presently operate Boston Pizza restaurants. The parties are waiting for trial dates, none of which have been set but BPI management expects the infringement trial to commence in late 2004 or early 2005. BPI management believes that ultimately, BPI and the Partnership will be successful in its litigation with the McDonald's Group. However, there are no assurances or certainty as to the eventual outcome of these legal proceedings.

Other

For a further more detailed list of risks and uncertainties please refer to the Prospectus from the IPO

Certain statements in this annual report may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this annual report such statements are such words as "may", "will", "expect", "believe", "plan", and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this annual report. These forward-looking statements involve a number of risks and uncertainties. The following are some factors that could cause actual results to differ materially from those expressed in or underlying such forward-looking statements: competition; changes in demographic trends; changing consumer preferences and discretionary spending patterns; changes in national and local business and economic conditions; legislation and governmental regulation; accounting policies and practices, and the results of operations and financial condition of BPI. The foregoing list of factors is not exhaustive.

Auditor's Report to the Unitholders of Boston Pizza Royalties Income Fund

PERIOD FROM DATE OF ESTABLISHMENT ON JULY 17, 2002 TO DECEMBER 31, 2002

We have audited the consolidated balance sheet of Boston Pizza Royalties Income Fund as at December 31, 2002 and the consolidated statements of earnings, unitholders' equity and cash flows for the period from the date of establishment on July 17, 2002 to December 31, 2002. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2002 and the results of its operations and its cash flows for the period from the date of establishment on July 17, 2002 to December 31, 2002 in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Vancouver, Canada

March 14, 2003

Boston Pizza Royalties Income Fund

Consolidated Balance Sheet

DECEMBER 31, 2002

Assets

Current assets:

Cash	\$	245,270
Accounts receivable		12,840
Due from Boston Pizza International Inc. (note 3)		1,783,027
Prepaid expenses		43,005
		<u>2,084,142</u>

Note receivable from Boston Pizza International Inc. (note 4) 24,000,000

Intangible assets (note 5) 109,348,900

Deferred financing charges, net of accumulated amortization of \$12,500 77,500

\$ 135,510,542

Liabilities and Unitholders' Equity

Current liabilities:

Accounts payable and accrued liabilities	\$	386,515
Distributions payable to fund unitholders		640,577
Distributions payable to Boston Pizza International Inc.		930,791
		<u>1,957,883</u>

Term loan (note 8) 5,000,000

Non-controlling interest (note 9) 58,052,900

Unitholders' equity 70,499,759

\$ 135,510,542

Nature of operations (note 1)

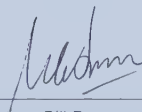
Contingency (note 12)

See accompanying notes to consolidated financial statements.

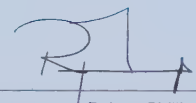
Approved by the Trustees



John Cowperthwaite



Bill Brown



Robert Phillips

Boston Pizza Royalties Income Fund

Consolidated Statement of Earnings

PERIOD FROM DATE OF ESTABLISHMENT ON
JULY 17, 2002 TO DECEMBER 31, 2002

Franchise revenues reported by Boston Pizza Outlets included in royalty pool (notes 1 and 2(b))	\$	124,202,975
Revenue (notes 1 and 2(b)):		
Royalty income	\$	4,968,119
Interest income		831,433
		5,799,552
Expenses:		
General and administrative (note 11)		319,413
Interest		120,910
Amortization of deferred financing charges		12,500
		452,823
Earnings before non-controlling interest		5,346,729
Non-controlling interest (note 9)		1,707,104
Net earnings	\$	3,639,625
Basic and diluted earnings per fund unit (7,690,000 units)	\$	0.47

Boston Pizza Royalties Income Fund

Consolidated Statement of Unitholders' Equity

PERIOD FROM DATE OF ESTABLISHMENT ON
JULY 17, 2002 TO DECEMBER 31, 2002

Balance, beginning of period	\$	—
Issue of Boston Pizza Royalties Income Fund units, net of issue costs (note 10)		70,386,000
Net earnings		3,639,625
Distributions declared		(3,525,866)
Balance, end of period	\$	70,499,759

See accompanying notes to consolidated financial statements.

Boston Pizza Royalties Income Fund

Consolidated Statement of Cash Flows

PERIOD FROM DATE OF ESTABLISHMENT ON
JULY 17, 2002 TO DECEMBER 31, 2002

Cash provided by (used in):	
Operations:	
Net earnings	\$ 3,639,625
Items not involving cash:	
Amortization of deferred charges	12,500
Non-controlling interest	1,707,104
Change in non-cash operating working capital (note 13(a))	(831,830)
	4,527,399
Investments:	
Acquisition of BP Rights (note 5)	(51,296,000)
Note receivable from Boston Pizza International Inc. (note 4)	(24,000,000)
	(75,296,000)
Financing:	
Issuance of fund units (note 10)	76,900,000
Costs of issuance of fund units (note 10)	(6,514,000)
Loan receivable from Boston Pizza International Inc. (note 3)	(620,527)
Proceeds from term loan	5,000,000
Deferred financing charges	(90,000)
Distributions paid to unitholders	(2,885,289)
Distributions paid to non-controlling interest unitholders (note 9)	(776,313)
	71,013,871
Increase in cash, being cash, end of period	\$ 245,270

See note 13(b) for supplementary cash flow information.

See accompanying notes to consolidated financial statements.

Boston Pizza Royalties Income Fund

Notes to Consolidated Statements

PERIOD FROM DATE OF ESTABLISHMENT ON JULY 17, 2002 TO DECEMBER 31, 2002

1. Organization and nature of operations:

(a) Organization:

Boston Pizza Royalties Income Fund (the "Fund") is an unincorporated open-ended limited purpose trust established under the laws of the Province of British Columbia. Pursuant to the Declaration of Trust signed July 8, 2002, an amount equal to all of the income of the Fund together with the non-taxable portion of any net capital gain realized by the Fund will be distributed by the Fund to its unitholders each month. As a result, the Fund will not be liable for income taxes. Income tax obligations related to the distributions by the Fund are obligations of the unitholders.

The Fund was established to indirectly, through the Boston Pizza Royalties Limited Partnership (the "Partnership"), acquire the trademarks and trade names owned by Boston Pizza International Inc. ("BPI") and used in connection with the operation of Boston Pizza restaurants in Canada (collectively, the "BP Rights"). The BP Rights do not include the rights outside of Canada to any trademarks or trade names used by BPI or any affiliated entities in its business, and in particular do not include the rights outside of Canada to the trademarks registered or pending registration under the Trademarks Act (Canada). The BP Rights also exclude certain restaurant locations in Canada, primarily those locations that were opened subsequent to the formation of the Fund and have not been rolled into the Royalty Pool of the Fund (note 14).

The Fund was also established to acquire, directly from a bank, the BPI loan (the "BP Loan") in the principal amount of \$24 million.

(b) Nature of operations:

BPI carries on business as a franchisor of casual dining pizza and pasta restaurants and operates only in Canada. The rights to operations outside of Canada, which are owned by an affiliated company, and certain restaurants in Canada, as noted above, are not included in the Royalty Pool of the Fund.

Substantially all of the Fund's revenues are earned from certain operations of BPI and, accordingly, the revenues of the Fund and its ability to pay distributions to unitholders is dependent on the ongoing ability of BPI to generate and pay royalties to the Fund.

2. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements include the accounts of the Fund, its wholly-owned subsidiary Boston Pizza Holdings Trust (the "Trust"), its 80%-owned subsidiary Boston Pizza GP Inc. ("BPGP") and its interest in the Partnership (collectively, the "Companies" or "Fund"). BPGP is the managing general partner and BPI is a general partner of the Partnership. All residual ownership of the Companies is either directly or indirectly controlled by BPI and has been recorded as non-controlling interest.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and are for the period from the date of establishment of the Fund on July 17, 2002 to December 31, 2002.

All significant intercompany transactions have been eliminated.

(b) Revenue recognition:

Royalty revenue is equal to four percent of franchise revenue as defined in the prospectus, of specific Boston Pizza Restaurants included in the Royalty Pool. Royalty revenue is recognized monthly on an accrual basis.

Interest revenue is recognized and accrued when earned.

(c) Intangible assets:

Intangible assets consisting of trademarks, trade names, operating procedures and systems and other intellectual property used in connection with the operation of the Boston Pizza restaurants are recorded at cost. Management of the Fund reviews the carrying value of the intangible assets at least annually, taking into consideration any events or circumstances which may impair the carrying value. If a permanent decline in the carrying amount is determined, the intangible assets will be written down to their estimated net recoverable amount.

(d) Deferred financing charges:

Deferred financing charges are related to the term loan and are amortized on a straight-line basis over the three-year term of the loan.

Boston Pizza Royalties Income Fund

Notes to Consolidated Statements

PERIOD FROM DATE OF ESTABLISHMENT ON JULY 17, 2002 TO DECEMBER 31, 2002

2. Significant accounting policies (continued):

(e) Distributions to Fund unitholders:

The amount of cash to be distributed to Fund unitholders is determined with reference to distributable cash, which is calculated as net earnings adjusted for amortization, other non-cash charges and repayment of principal and interest on the term loan.

Distributions to Fund unitholders are made monthly for the distribution period commencing July 17, 2002, based upon distributable cash less cash redemptions of Fund units, and are subject to the Fund retaining such reasonable working capital reserves as may be considered appropriate by the trustees of the Fund.

(f) Earnings per Fund unit:

The earnings per Fund unit are based on the weighted average number of Fund units outstanding during the period. As at December 31, 2002 there is no dilutive effect of potential effects of the minority interest exercising its right to exchange its class A units and class B units of the Partnership into units of the Fund.

(g) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of impairment in the value of assets, useful lives for amortization and provisions for contingencies. Actual results could differ from those estimates.

(h) Financial instruments:

The Fund's financial instruments consist of cash, accounts and notes receivable, due from Boston Pizza International Inc., accounts payable and accrued liabilities, distributions payable, and term loan. Management estimates that the fair values of these financial instruments approximate their carrying values. It is management's opinion that the Fund is not exposed to significant interest rate or credit risk from these financial instruments.

3. Due from Boston Pizza International Inc.:

Loan receivable	\$	620,527
Royalty fee receivable		1,012,500
Interest on note receivable (note 4)		150,000
	\$	1,783,027

4. Note receivable from Boston Pizza International Inc.:

Note receivable with interest payable monthly at 7.5% per annum, due July 17, 2042	\$	24,000,000
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The note is secured by a general security agreement and may not be assigned without the prior consent of BPI.

5. Acquisition of BP Rights:

On July 17, 2002, the Fund acquired the BP Rights used in the operation of the Boston Pizza restaurants in Canada for \$109,348,900 of which \$51,296,000 was paid in cash, \$58,052,900 by the issuance of 1,605,290 class A units, 100,000,000 class B units and 2,400,000 class C units to BPI.

Concurrent with the acquisition of the BP Rights, the Fund granted BPI a licence to use the BP Rights for a term of 99 years for which BPI pays the Fund a royalty of four percent of the franchise revenues as reported by BPI for those restaurants included in the royalty pool, as defined in the licence and royalty agreement.

Boston Pizza Royalties Income Fund

Notes to Consolidated Statements

PERIOD FROM DATE OF ESTABLISHMENT ON JULY 17, 2002 TO DECEMBER 31, 2002

5. Acquisition of BP Rights (continued):

The acquisition comprised:

BP Rights	\$	109,348,900
Acquisition of Rights by Partnership:		
Cash	\$	51,296,000
1,605,290 class A units		16,052,900
100,000,000 class B units		18,000,000
2,400,000 class C units		24,000,000
	\$	109,348,900

6. Distributable cash:

Earnings for the period	\$	3,639,625
Amortization of deferred financing charges		12,500
Non-controlling interest		1,707,104
		5,359,229
Distributable cash required for non-controlling interest		1,709,604
Distributable cash available for Fund units	\$	3,649,625
Distributable cash per Fund unit for five and a half month		
period ended December 31, 2002 (7,690,000 units)	\$	0.47

Distributable cash is not an earnings measure recognized by generally accepted accounting principles ("GAAP") and therefore may not be comparable to similar measures presented by other issuers. Basic and diluted distributable cash per Fund Unit is computed on a basis consistent with that described by GAAP for computing earnings per Fund Unit.

7. Operating line of credit:

The Fund has a demand operating facility of up to \$1,000,000 to fund the working capital requirements and for general purposes. The facility bears interest at the prevailing bank prime rate plus 0.75%, is repayable on demand and has a 364-day revolving term. As at December 31, 2002, the full amount of the facility was available. The facility is collateralized as part of the term loan (note 8).

8. Term loan:

The Fund has a term loan in the amount of \$5,000,000. The facility bears interest at the prevailing bank prime rate plus 0.75% and matures on July 16, 2005. A general security agreement over the assets of the Partnership is provided as security.

9. Non-controlling interest:

Non-controlling interest relates to BPI's interest in the Fund as follows:

Class A Partnership units	\$	16,052,900
Class B Partnership units		18,000,000
Class C Partnership units		24,000,000
		58,052,900
Non-controlling interest in earnings of the Partnership		1,707,104
Distributions paid to Partnership unitholders		(776,313)
Distributions owing to Partnership unitholders included		
in distributions payable		(930,791)
	\$	58,052,900

(a) Class A Partnership units:

BPI has the right to exchange each class A Partnership unit it holds for one unit of the Fund ("Units") by delivering such class A Partnership units to the Trust. Class A Partnership units carry voting rights equal to the number of Units into which such class A Partnership units are exchangeable at the time. Subject to the prior rights of the holders of the class C Partnership units, the holders of the class A Partnership

Boston Pizza Royalties Income Fund

Notes to Consolidated Statements

PERIOD FROM DATE OF ESTABLISHMENT ON JULY 17, 2002 TO DECEMBER 31, 2002

9. Non-controlling interest (continued):

units will be entitled to receive a cumulative preferential cash distribution in an amount equal to the total distribution in respect of class C Partnership units multiplied by the number of issued class A Partnership units divided by the number of issued Partnership units. Class A Partnership units are also entitled to a pro rata share of residual distributions of the Partnership.

(b) Class B Partnership units:

BPI has the right to exchange each class B Partnership unit it holds for a number of Fund Units based, at any time, on a defined calculation which is based in part on the net franchise revenues from restaurants opened subsequent to July 17, 2002 and restaurants open less than twelve months at April 30, 2002. Class B Partnership units held by BPI carry voting rights equal to the number of Partnership Units into which such class B Partnership units are exchangeable at that time. Subject to the prior rights of the holders of class C Partnership units, the holders of the class B Partnership units will be entitled to receive a cumulative preferential cash distribution equal to the distribution on class C Partnership units multiplied by the number of class B Partnership units issued, multiplied by a defined ratio which is based in part on the net franchise revenues from restaurants opened subsequent to July 17, 2002 and restaurants open less than twelve months at April 30, 2002, and divided by the number of issued LP units. Class B Partnership units are also entitled to a pro rata share of residual distributions of the Partnership.

(c) Class C Partnership units:

Class C Partnership units carry no voting rights. The holders of class C Partnership units will be entitled to receive a monthly cumulative preferential cash distribution equal to \$0.0625 per class C Partnership unit. BPI, as holder of class C Partnership units, will have the right to transfer such class C Partnership units to the Trust in consideration for the assumption by the Trust of, and the concurrent release of BPI of its obligations with respect to, an amount of the indebtedness under the BP loan equal to \$10.00 for each class C Partnership unit to be transferred.

10. Income Fund Units:

The Declaration of Trust of the Fund provides that an unlimited number of Fund units may be issued. Each Fund unit is transferable and represents an equal undivided beneficial interest in any distributions of the Fund and in the net assets of the Fund. All units have equal rights and privileges. Each Fund unit entitles the holder thereof to participate equally in the allocations and distributions and to one vote at all meetings of Fund unitholders for each whole Fund unit held. The Fund units issued are not subject to future calls or assessments.

Pursuant to the Declaration of Trust, the holders, other than the Fund or its subsidiaries, of the class A Partnership units and class B Partnership units will be entitled to vote in all votes of Fund unitholders as if they were holders of the number of Fund units they would receive if class A Partnership units and class B Partnership units were exchanged into Fund units as at the record date of such votes, and will be treated in all respects as Fund unitholders for the purpose of any such votes.

Fund units are redeemable at any time at the option of the holder at a price based on market value as defined in the trust agreement, subject to a maximum of \$50,000 in cash redemptions by the Fund in any one month. The limitation may be waived at the discretion of the Trustees of the Fund. Redemption in excess of these amounts, assuming no waiving of the limitation, shall be paid by way of distribution in specie of a pro rata number of securities of the Trust held by the Fund.

On July 17, 2002, the Fund issued 7,690,000 Fund units at \$10 per unit pursuant to a public underwriting. Expenses of the offering amounted to \$6,514,000 and were charged to Fund unitholders' equity.

Issue of Fund units (7,690,000 units)	\$	76,900,000
Expense of the offering		(6,514,000)
	\$	70,386,000

Boston Pizza Royalties Income Fund

Notes to Consolidated Statements

PERIOD FROM DATE OF ESTABLISHMENT ON JULY 17, 2002 TO DECEMBER 31, 2002

11. Related party transactions:

The Fund has engaged BPI to provide certain administrative services on behalf of the Fund. Direct administrative and travel expenses were charged at cost. Other services were provided by BPI for no charge.

BPI is a related party by virtue of holding certain Partnership units.

Other transactions with BPI are referred to elsewhere in these consolidated financial statements.

12. Contingent liabilities:

Boston Pizza International Inc. ("BPI") is involved in trademark litigation with entities affiliated with McDonald's Restaurant of Canada (the "McDonald's Group"), opposing the registration of the Boston Market trademark. Management of BPI believes that there is a likelihood that the trademark will not be registered. Additionally, BPI has commenced an action against the McDonald's Group to prevent them from infringing BPI's interest in the trademarks by operating Boston Market in Canada. The McDonald's Group has filed a counterclaim and a separate action challenging the validity of the registered trademark "Boston Pizza" and related trademarks under the Trademarks Act (Canada). In July 2002, the BP Rights were sold to the Fund which, as a result of recently filed notice of application by the McDonald's Group, is now a direct party in the litigation proceedings.

13. Supplementary cash flow information:

July 17, 2002 to December 31, 2002	
(a) Change in non-cash working capital:	
Accounts receivable	\$ (1,175,340)
Prepaid expenses	(43,005)
Accounts payable and accrued liabilities	386,515
	\$ (831,830)
(b) Supplementary information:	
Interest received	\$ 681,433
Interest paid	120,910
Non-cash financing and investing activities:	
Issuance of Fund units on acquisition of BP rights	58,052,900
Distributions payable to unitholders	640,577
Distributions payable to non-controlling interest	930,791

14. Subsequent event:

Annually, on January 1, the Boston Pizza restaurants in the Royalty Pool on which BPI pays a royalty to the Fund will be adjusted to include the adjusted franchise revenue from new Boston Pizza restaurants opened on or before November 1 of the prior year, less franchise revenue from any Boston Pizza restaurants that have permanently closed during the year. In return for adding this net franchise revenue to the Royalty Pool, Boston Pizza will receive the right to indirectly acquire additional Fund Units (the "Additional Entitlement"). The Additional Entitlement is calculated as 92.5% of the royalty revenue added to the Royalty Pool, divided by the yield of the Fund Units. Boston Pizza receives 80% of the Additional Entitlement initially, with the balance received when the actual full year performance of the new restaurants is known with certainty.

Boston Pizza Royalties Income Fund

Notes to Consolidated Statements

PERIOD FROM DATE OF ESTABLISHMENT ON JULY 17, 2002 TO DECEMBER 31, 2002

14. Subsequent event (continued):

On January 1, 2003, eight new Boston Pizza restaurants opened during the period from May 1, 2002 to November 1, 2002 were added to the Royalty Pool. The franchise revenue of these eight new restaurants had been estimated at \$15.0 million annually. The total number of restaurants in the Royalty Pool has increased to 162. The yield of the Fund Units was determined to be 10.25% calculated using a weighted average unit price of \$9.72. Weighted average unit price is calculated based on the market price of the unit traded on the TSX during the period of twenty consecutive days ending on the fifth trading day before January 1, 2003. As a result of the contribution of the additional net sales to the Royalty Pool, BPI's Additional Entitlement is equivalent to 448,273 Fund Units, being 4.46% of the issued and outstanding Fund Units on a fully diluted basis. BPI will also receive a proportionate increase in monthly distributions from the Fund. Including the Additional Entitlement described above, BPI has the right to exchange its units in the capital of the Fund for 2,372,206 Fund Units, representing 23.58% of the issued and outstanding Fund Units on a fully diluted basis. BPI has agreed to maintain at least a 20% ownership, direct or indirect, in the Fund until such time as there are 275 restaurants in the Royalty Pool.

Boston Pizza International Inc.

Management Discussion & Analysis

PERIOD FROM SEPTEMBER 1, 2002 TO DECEMBER 31, 2002

FINANCIAL HIGHLIGHTS

The following table sets out selected historical information and other data of Boston Pizza International Inc. ("BPI"), which should be read in conjunction with the attached year-end consolidated financial statements of BPI.

	Four-months ended December 31, 2002	Year ended August 31, 2002
	(in thousand of dollars)	
Restaurant System Franchise Sales ⁽¹⁾	\$ 90,811	\$ 261,501
Income Statement Data		
Franchise Fee Income	\$ 6,355	\$ 17,391
Sales - company restaurants ⁽²⁾	1,359	4,278
Equity income ⁽³⁾	1,166	507
Other	551	102
	9,431	22,278
Royalty expense	3,517	1,451
Administrative expenses and restaurant operating costs	4,570	14,660
Earnings before undernoted	\$ 1,344	\$ 6,167
U.S. territorial development expense	0	4,211
Depreciation and amortization	196	666
Management bonus	351	1,933
Amortization of deferred gain	(193)	(71)
Interest on loan from Boston Pizza Royalty Income Fund	600	223
Interest on long-term debt	35	275
Loss (loss) before income taxes	355	(1,070)

Notes:

1 Represents the Franchise Sales of the two restaurants owned by BPI and the Franchise Sales reported to BPI by franchised Boston Pizza restaurants without audit. Franchise Sales are Gross Sales after deducting revenue from the sale of liquor, beer, wine and tobacco and revenue from BPI approved national promotions & discounts

2 Includes Gross Sales for the two restaurants owned by BPI

3 Represents the equity income from BPI's investment in the Boston Pizza Royalties Limited Partnership and its 20% indirect interest in The Boston Pizza Royalties Income Fund as at December 31, 2002, which began on July 17, 2002

OVERVIEW

Boston Pizza International Inc. ("BPI" or the "Company") is the franchisor of the Boston Pizza concept in Canada. The Company competes in the casual dining sector of the restaurant industry. Boston Pizza is the number one casual dining brand in Canada. With 163 restaurants stretching from Victoria to Halifax, Boston Pizza has more locations and serves more customers annually than any other casual dining concept in Canada.

On July 17, 2002 BPI sold the Canadian Boston Pizza trademarks and other associated intellectual property (collectively the "BP Rights") to the Boston Pizza Royalties Limited Partnership ("the Partnership"), a subsidiary of the Boston Pizza Royalties Income Fund (the "Fund"). The Partnership in turn licensed the use of the BP Rights to BPI for a term of 99-years pursuant to a license and royalty agreement (the "License and Royalty Agreement"). Under the License and Royalty Agreement, BPI pays the Partnership a royalty of 4% of Franchise Sales, from the 154 Boston Pizza restaurants in Canada that were open as of April 30, 2002 (the "Royalty Pool"). As at December 31, 2002 the Royalty Pool was made up of 152 franchised and two company owned restaurants. Commencing on January 1, 2003 and annually thereafter ("Adjustment Date"), an adjustment will be made to add to the Royalty Pool new Boston Pizza restaurants that have been open at least 60 days prior to that Adjustment Date. On January 1, 2003 eight new restaurants were added to the Royalty Pool. In return for including additional restaurants in the Royalty Pool, BPI will receive the right to indirectly acquire additional Fund units (the "Additional Entitlement"). The Additional Entitlement is calculated as 92.5% of the royalty revenue added to the Royalty Pool, divided by the yield of the Fund units. BPI receives 80% of the Additional Entitlement initially, with the balance received when the actual full year performance of the new restaurants is known with certainty. The License and Royalty Agreement also includes a make whole provision obliging BPI to replace the initial amount of royalty earned in the event of closure of a Boston Pizza Restaurant that was part of the Royalty Pool. BPI has committed to maintain a minimum 20% effective interest in the Fund until there are at least 275 Boston Pizza restaurants in the Royalty Pool.

In 2002 BPI made the decision to change its fiscal year-end from August 31 to December 31 to correspond with the Fund's reporting period. Synchronizing the two year-ends will be beneficial to Unitholders of the Fund, as well as analysts, in their review of the Fund and BPI's financial results. This is the first annual report since this change and covers the period from September 1, 2002 to December 31, 2002. The discussion that

Boston Pizza International Inc. Management Discussion & Analysis

PERIOD FROM SEPTEMBER 1, 2002 TO DECEMBER 31, 2002

OVERVIEW (continued)

follows is for the audited results for the four-month period ending December 31, 2002 and the 12-month period ending August 31, 2002, except as otherwise indicated.

BUSINESS STRATEGY

The success of Boston Pizza can be attributed to three simple underlying principles that are the foundation for all strategic decision-making. They are our "Three Pillars" strategy.

- **The commitment to franchisee profitability**
- **The commitment to continually enhance the brand**
- **The commitment to continually improve the customer experience**

Management realizes that our franchisees have to be profitable and succeed. If they are not successful, then ultimately we will not be successful. To enhance profitability and to facilitate the growth of Boston Pizza we aggressively enhance and promote the Boston Pizza brand through national television and radio advertising, and national and local promotions. Both our franchisees and corporate support staff continuously find new ways to improve the customer's experience so that they will return to Boston Pizza again, and again. We are confident that our "Three Pillars" strategy will continue to focus our efforts to develop new markets and continue to strengthen our position as Canada's number one casual dining brand.

OPERATING RESULTS

In the face of a generally challenging environment for the foodservices industry in 2002, Boston Pizza outperformed both the foodservice industry as a whole and led the casual dining sector. Total Franchise Sales for the four-month period ending December 31, 2002 were \$90,810,691 and \$261,500,690 for the 12-month period ending August 31, 2002.

Boston Pizza continued to open restaurants, opening one new location with no closures during the last four months of 2002. The new Boston Pizza restaurant opened during this period brought the total number of locations open as of December 31, 2002 to 163. Furthermore, Boston Pizza restaurants produced a same store sales growth ("SSSG") rate of 5.9% for the four-month period ending December 31, 2002 and 5.3% for calendar 2002. This can be attributed to a combination of successful marketing programs, increased brand awareness, and an aggressive renovation program to modernize Boston Pizza restaurants.

Income

BPI's revenues for the four-month period ending December 31, 2002 were \$9,431,241 and \$22,277,225 for the 12-month period ending August 31, 2002. BPI's revenue is mainly derived from royalty income from franchised Boston Pizza restaurants, sales in corporately owned restaurants, initial franchise fees, and franchise renewal fees.

Franchise fee income, which includes monthly franchise fees, initial franchise fees and franchise renewal fees, was \$6,355,040 for the four-month period ending December 31, 2002. For the 12-month period ending August 31, 2002 franchise fee income was \$17,390,579.

Sales for corporate restaurants for the four-month period ending December 31, 2002 was \$1,358,717 and \$4,278,166 for the 12-month period ending August 31, 2002.

For the four-month period ending December 31, 2002, BPI earned \$1,165,932 from its indirect interest in the Fund, and \$506,650 as at August 31, 2002 for the period from July 17, 2002 to August 31, 2002.

Other income increased to \$551,552 during the four-month period ending December 31, 2002 and was \$101,830 for the year ending August 31, 2002. Other income is generated from real estate income from a joint-venture property and interest on long-term receivables from related companies.

Expenses

For the four-month period ending December 31, 2002 the royalty expense for the use of the BP Rights was \$3,517,021. The royalty expense was \$1,451,098 at August 31, 2002 for the period July 17, 2002 to August 31, 2002.

Operating expenses for the four-month period ending December 31, 2002 were \$4,570,441 and \$14,659,546 for the 12-month period ending August 31, 2002. Administrative and operating expenses include salary and administrative costs associated with the services provided to franchised Boston Pizza restaurants, the operation of the two corporately owned restaurants, new Franchise Sales, and development activities.

Other Income & Expenses

Before taking into account the U.S. territorial development expense, depreciation and amortization, management bonus, amortization of deferred gain associated with the sale of the BP Rights, interest on the loan from the Fund, and interest on long-term debt, earnings before undernoted was \$1,343,779 for the four-month period ending December 31, 2002 and \$6,166,581 for the fiscal year ending August 31, 2002.

Boston Pizza International Inc.

Management Discussion & Analysis

PERIOD FROM SEPTEMBER 1, 2002 TO DECEMBER 31, 2002

Other Income & Expenses (continued)

On September 1, 2002 BPI transferred its 96.5% interest in Boston Pizza Restaurants, LP to a related company. Boston Pizza Restaurants, LP is developing Boston's - The Gourmet Pizza brand in the United States. As a result, BPI incurred no territorial development expense in the four-month period compared to an expense of \$4,211,365 for the fiscal year ending August 31, 2002.

Depreciation and amortization for the four-month period ending December 31, 2002 was \$196,118 and \$665,276 for the fiscal year ending August 31, 2002.

Management bonuses for the four-month period ending December 31, 2002 were \$351,288 and \$1,933,390 for the 12-month period ending August 31, 2002. This is a discretionary expense applicable to certain management who are also shareholders of the Company and is based on several criteria including the profitability of the Company.

The amortization of the deferred gain from the IPO was \$192,781 for the four-month period ending December 31, 2002 compared to \$71,278 for the period July 17, 2002 to August 31, 2002. The deferred gain arose from the sale of BP Rights to the Fund and is amortized over 99 years, the term of the License and Royalty Agreement. The net deferred gain on the sale at the time of the IPO was \$91,098,899.

Interest on the \$24 million loan acquired by the Fund at the time of IPO was \$600,000 for the four-month period ending December 31, 2002. This compares to \$222,750 as at August 31, 2002 for the period July 17, 2002 to August 31, 2002.

Interest on long-term debt for the four-month period ending December 31, 2002 was \$34,876 and \$275,280 for the 12-month period ending August 31, 2002.

Given the combined effects of the above-noted factors, BPI produced earnings before income taxes of \$354,278 for the four-month period ending December 31, 2002 and a net loss of \$1,070,202 for the previous 12-month period ending August 31, 2002. After tax net income was \$208,399 for the four-month period ending December 31, 2002 and after tax net loss was \$1,109,565 for the 12-month period ending August 31, 2002.

LIQUIDITY & CAPITAL RESOURCES

BPI is entirely a franchised business except for the two corporate restaurants. Therefore, capital requirements are limited to the upgrading of these two restaurants and the head office building and equipment requirements. The capital requirements are

estimated at \$250,000 for the next year. As at December 31, 2002 working capital of \$7,791,502 was available and \$3,040,519 was available as at August 31, 2002. Working capital is more than sufficient to meet BPI's capital requirements.

OUTLOOK

Boston Pizza continues to strengthen its position as the number one casual dining brand in Canada. With 163 restaurants stretching from Victoria to Halifax, Boston Pizza has more locations and serves more customers annually than any other casual dining concept in Canada. Management believes that approximately 15 new Boston Pizza restaurants will open in 2003 further enhancing brand awareness on a national level. There are currently five new locations under construction and 10 locations in the advanced development stage. This puts BPI on track to open 70-80 new restaurants across Canada over the next five years. Management further believes that in 2003 the organization can continue to deliver SSSG results consistent with the organization's performance over the last ten years. Boston Pizza will continue its distinct renovation program that requires each location to renovate every seven years. In 2003, 20 renovations are planned. Historically SSSG for renovated locations has been, on average, 10-15% post-renovation. Management will continue to pursue further development in Western Canada, while aggressively pursuing additional opportunities in Ontario, Quebec, and the Maritimes.

In 2002, BPI retained celebrity spokesperson Howie Mandel and produced television and radio commercials showcasing the Boston Pizza brand and his talents. Management believes that Mr. Mandel's celebrity status will reinforce and increase awareness of the brand and have a positive effect on sales. Another marketing initiative was the very successful "Rib-Rageous" promotion, which ran in the fall of 2002 and will run again in the fall of 2003. In the spring of 2003 Boston Pizza will be launching a new menu design with an enhanced list of menu items. Also at this time, the successful "Spaghetti Western" promotion will run again.

During 2002, BPI also implemented an employee incentive plan titled "BP TIPS". This plan is designed to align the interests of BPI employees with the interests of BPI and the Fund. BP TIPS is available to all employees of BPI and is based on two criteria: SSSG and the number of new stores opened. SSSG is the key driver for growth in the distributions to the Fund and adding new stores throughout the year increases critical mass and market distribution of the Boston Pizza brand. This plan will be paid for by BPI and not the Fund.

Boston Pizza International Inc.

Management Discussion & Analysis

PERIOD FROM SEPTEMBER 1, 2002 TO DECEMBER 31, 2002

OUTLOOK (continued)

Management believes that this plan will further enhance employee retention and performance.

Management expects that Boston Pizza will continue to outperform the industry in 2003. As with all forward-looking statements, due care and caution should be employed to ensure that appropriate interpretation is made. Please refer to note below for further clarification.

RISKS AND UNCERTAINTIES

The Restaurant Industry

The performance of the Fund is directly dependent upon the royalty and interest payments received from BPI. The amount of royalty received from BPI is dependent on various factors that may affect the casual dining sector of the restaurant industry. The restaurant industry generally, and in particular the casual dining sector, is intensely competitive with respect to price, service, location and food quality. Competitors include national and regional chains, as well as independently owned restaurants. If BPI and the Boston Pizza franchisees are unable to successfully compete in the casual dining sector, Franchise Sales may be adversely affected; the amount of royalty reduced and the ability of BPI to pay the royalty or interest on the BP Loan may be impaired. The restaurant industry is also affected by changes in demographic trends, traffic patterns, and the type, number, and location of competing restaurants. In addition, factors such as government regulations, smoking bylaws, inflation, publicity from any food borne illnesses, increased food, labour and benefits costs, and the availability of experienced management and hourly employees may adversely affect the restaurant industry in general and therefore potentially Boston Pizza Franchise Sales. BPI's success also depends on numerous factors affecting discretionary consumer spending, including economic conditions, disposable consumer income and consumer confidence. Adverse changes in these factors could reduce guest traffic or impose practical limits on pricing, either of which could reduce revenue and operating income, which could adversely affect revenue, the royalty and the ability of BPI to pay the Royalty or interest on the BP Loan.

Boston Chicken / Boston Market Litigation

Since 1995, BPI has been challenging Boston Chicken Inc. and Global Restaurant Operations of Ireland Limited registration of the "Boston Chicken" trademark in Canada. Subsequent to December 31, 2002, the Federal Court of Appeal unanimously ordered the expungement of "Boston Chicken"

from the trademark registry. The expungement of the "Boston Chicken" trademark is a significant victory because there is now only one owner (the Partnership) of registered trademarks using "Boston" in connection with restaurant foodservices in Canada. Additionally, since 1995 BPI has opposed the registration of the "Boston Market" trademark. As a result, "Boston Market" is not yet a registered trademark. In 2002 BPI and the Partnership commenced legal action against Global Restaurant Operations of Ireland Limited, Boston Market Canada Company, Boston Market Corporation, and McDonald's Restaurants of Canada Limited (the "McDonald's Group") for trademark infringement over the McDonald's Group's use of "Boston Market". BPI management and the Partnership intend to continue to vigorously defend any infringement or unauthorized use of the Boston Pizza trademarks. In the fall of 2002 the McDonald's Group commenced legal actions challenging the validity of the Boston Pizza trademarks owned by the Partnership, some of which have been registered, and in use for over 30 years. BPI management believes that this is a tactical maneuver by the McDonald's Group and is unlikely to succeed. However, in the unlikely event that the challenge to the Boston Pizza trademarks is successful, the Fund would lose the benefits of registration of its trademarks under the *Trade-Marks Act* (Canada), which may mean losing the ability to prevent others from using the registered trademarks for the goods and services for which they are registered and to prevent others from using similar or confusing trademarks or names. However the loss of the registration under the *Trade-Marks Act* (Canada) would not prevent the Partnership from continuing to license and use the "Boston Pizza" and related trademarks in the existing operations and geographic territories where they are presently used and from taking other measures to protect their rights in respect of, and their liability to use, the "Boston Pizza" and related trademarks, in new areas where BPI and its sub-licensees do not presently operate Boston Pizza restaurants. The parties are waiting for trial dates, none of which have been set but BPI management expects the infringement trial to commence in late 2004 or early 2005. BPI management believes that ultimately, BPI and the Partnership will be successful in its litigation with the McDonald's Group. However, there are no assurances or certainty as to the eventual outcome of these legal proceedings.

Other

For a further more detailed list of risks and uncertainties please refer to the Prospectus from the IPO

Certain statements in this annual report may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this annual report such statements are such words as "may", "will", "expect", "believe", "plan", and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this annual report. These forward-looking statements involve a number of risks and uncertainties. The following are some factors that could cause actual results to differ materially from those expressed in or underlying such forward-looking statements: competition, changes in demographic trends, changing consumer preferences and discretionary spending patterns, changes in national and local business and economic conditions; legislation and governmental regulation, accounting policies and practices, and the results of operations and financial condition of BPI. The foregoing list of factors is not exhaustive.

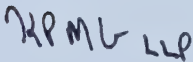
Auditors' Report to the Shareholders of Boston Pizza International Inc.

PERIOD FROM SEPTEMBER 1, 2002 TO DECEMBER 31, 2002
YEARS ENDED AUGUST 31, 2002 AND 2001

We have audited the consolidated balance sheets of Boston Pizza International Inc. as at December 31, 2002 and August 31, 2002 and the consolidated statements of operations and retained earnings (deficit) and cash flows for the period from September 1, 2002 to December 31, 2002 and for years ending August 31, 2002 and 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2002 and August 31, 2002, the results of its operations and its cash flows for the period from September 1, 2002 to December 31, 2002 and for the years ending August 31, 2002 and 2001 in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Vancouver, Canada
March 14, 2003

Boston Pizza International Inc.

Consolidated Balance Sheets

DECEMBER 31, 2002 AND AUGUST 31, 2002

	December 31, 2002	August 31, 2002
Assets		
Current assets:		
Cash	\$ 2,445,985	\$ 7,443,342
Accounts receivable (note 15)	3,808,266	4,482,658
Income taxes receivable	373,498	—
Prepaid expenses	641,033	433,450
Current portion of long-term receivables	6,255,789	3,254,978
Due from Boston Pizza Royalties Limited Partnership	930,791	—
Future income taxes	143,055	131,518
	14,598,417	15,745,946
Long-term receivables (note 7)	16,625,615	22,194,334
Long-term investments (note 6)	40,260,926	40,093,481
Capital assets (note 8)	2,619,911	2,725,553
Deferred charges (note 9)	170,505	236,115
Future income taxes (note 11)	12,560,579	12,573,864
	\$ 86,835,953	\$ 93,569,293
Liabilities and Shareholders' Deficiency		
Current liabilities:		
Accounts payable and accrued liabilities (note 15)	\$ 4,486,544	\$ 5,519,534
Income taxes payable	—	5,510,686
Loan Payable to Boston Pizza Royalties Limited Partnership	620,527	—
Current portion of deferred revenue	971,533	1,375,908
Current portion of long-term debt (notes 2(b) and 10)	728,311	299,299
	6,806,915	12,705,427
Long-term debt (note 10)	615,778	1,142,491
Deferred revenue	2,393,645	2,709,436
Loan from the Boston Pizza Royalties Income Fund (note 4)	24,000,000	24,000,000
Deferred gain on disposition of intangible assets (note 4)	90,834,840	91,027,621
Future income taxes	31,381	31,381
Shareholders' deficiency:		
Share capital (note 12)	100	100
Retained earnings (deficit)	(37,846,706)	(38,047,163)
	(37,846,606)	(38,047,063)
	\$ 86,835,953	\$ 93,569,293
Commitments (note 13)		
Contingent liabilities (note 14)		
Subsequent event (note 18)		

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board

Jim Treliving

George Melville

Boston Pizza International Inc.

Consolidated Statements of Operations and Retained Earnings (Deficit)

PERIOD FROM SEPTEMBER 1, 2002 TO DECEMBER 31, 2002
YEARS ENDED AUGUST 31, 2002 AND 2001

	Period from September 1, 2002 to December 31, 2002	Year ended August 31, 2002	Year ended August 31, 2001
Franchise fee income	\$ 6,355,040	\$ 17,390,579	\$ 15,078,684
Sales - company restaurants	1,358,717	4,278,166	4,172,958
Equity income (note 6)	1,165,932	506,650	—
Other	551,552	101,830	74,580
	9,431,241	22,277,225	19,326,222
Royalty expense (notes 4 and 13(b))	3,517,021	1,451,098	—
Administrative expenses and restaurant operating costs (note 15)	4,570,441	14,659,546	12,865,155
Earnings before undernoted	1,343,779	6,166,581	6,461,067
U.S. territorial development expense (note 5)	—	4,211,365	3,365,714
Depreciation and amortization	196,118	665,276	602,980
Management bonus (note 15)	351,288	1,933,390	2,591,194
Amortization of deferred gain (note 4)	(192,781)	(71,278)	—
Interest on loan from the Boston Pizza Royalties Income Fund (notes 4 and 15)	600,000	222,750	—
Interest on long-term debt	34,876	275,280	230,231
Earnings (loss) before income taxes	354,278	(1,070,202)	(329,052)
Income taxes (note 11):			
Current	152,073	5,494,237	12,174
Future (recovery)	(6,194)	(5,454,874)	46,856
	145,879	39,363	59,030
Earnings (loss) for the period	208,399	(1,109,565)	(388,082)
Dividends paid	—	(45,103,990)	—
Retained earnings (deficit), beginning of period	(38,047,163)	1,369,763	1,757,845
Refundable dividend tax (note 11)	(7,942)	328,113	—
Dividend refund	—	6,468,516	—
Retained earnings (deficit), end of period	\$ (37,846,706)	\$ (38,047,163)	\$ 1,369,763

See accompanying notes to consolidated financial statements.

Boston Pizza International Inc.

Consolidated Statements of Cash Flows

PERIOD FROM SEPTEMBER 1, 2002 TO DECEMBER 31, 2002
YEARS ENDED AUGUST 31, 2002 AND 2001

	Period from September 1, 2002 to December 31, 2002	Year ended August 31, 2002	Year ended August 31, 2001
Cash provided by (used in):			
Operations:			
Net earnings (loss)	\$ 208,399	\$ (1,109,565)	\$ (388,082)
Items not affecting cash:			
Depreciation	130,508	479,436	406,790
Future income taxes	(6,194)	(5,456,064)	46,856
Amortization of deferred charges	65,610	185,840	196,190
Amortization of deferred gain on disposition of intangible assets (note 4)	(192,781)	(71,278)	—
Equity income	(1,165,932)	(506,650)	—
Distributions by Boston Pizza Royalties Limited Partnership (note 6)	1,241,055	466,069	—
Due from Boston Pizza Royalties Limited Partnership	(930,791)	—	—
Changes in non-cash working capital items	(7,395,819)	8,447,665	(1,432,917)
	(8,045,945)	2,435,453	(1,171,163)
Investments:			
Changes in long-term receivables	2,793,371	(20,459,459)	(1,006,243)
Purchase of capital assets, net	(109,919)	(450,563)	(196,459)
Additions to deferred charges	—	(60,020)	—
Investment in BP Limited Partnership Holding Inc.	(157,670)	—	—
Investment in BP GP	(20)	—	—
Cash proceeds from sale of intangible assets (note 4)	—	51,296,000	—
Costs incurred on sale of intangible assets	—	(250,000)	—
	2,525,762	30,075,958	(1,202,702)
Financing:			
Bank indebtedness	—	(3,811,889)	2,292,836
Loan from Boston Pizza Royalties Limited Partnership	620,527	—	—
Proceeds from long-term debt	—	949,626	518,641
Repayment of long-term debt	(97,701)	(1,209,020)	(634,031)
Payment of dividends	—	(45,103,990)	—
Loan from the Boston Pizza Royalties Income Fund (note 4)	—	24,000,000	—
	522,826	(25,175,273)	2,177,446
Increase (decrease) in cash	(4,997,357)	7,336,138	(196,419)
Cash, beginning of period	7,443,342	107,204	303,623
Cash, end of period	\$ 2,445,985	\$ 7,443,342	\$ 107,204

See supplementary cash flows information (note 17)

See accompanying notes to consolidated financial statements.

Boston Pizza International Inc.

Notes to Consolidated Statements

PERIOD FROM SEPTEMBER 1, 2002 TO DECEMBER 31, 2002
YEARS ENDED AUGUST 31, 2002 AND 2001

1. Nature of operations:

Boston Pizza International Inc. (the "Company") was incorporated on May 26, 1982 under the laws of British Columbia and continued under the Canada Business Corporations Act on August 26, 2002. Its principal business activity is the operation and franchising of Boston Pizza restaurants in Canada. The Company initially focused on the growth of its business in Western Canada and is currently in the process of developing its Eastern Canada market. The United States market is also in the process of being developed through a limited partnership arrangement which was transferred to a related party effective September 1, 2002 (note 5).

2. Change in accounting policy:

(a) Goodwill and other intangible assets:

Effective September 1, 2002, the Company adopted the new Recommendations of The Canadian Institute of Chartered Accountants (CICA) Handbook Section 3062, Goodwill and Other Intangible Assets. Under Section 3062 goodwill and intangible assets with an indefinite life will no longer be amortized. Intangible assets with a finite life will be amortized over the expected period of benefit. Goodwill and other intangible assets will be tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. In accordance with Handbook Section 3062, this change in accounting policy is not applied retroactively. The adoption of this standard has not resulted in any material adjustment.

(b) Balance sheet classification of callable debt obligations:

The Company has adopted the principles of the CICA relating to the Emerging Issues Committee recommendations (EIC-122) for balance sheet classification of callable debt obligations effective January 1, 2002. Pursuant to this pronouncement, term debt obligations which may be subject to demand repayments are classified as a current liability unless the lender has waived or lost the right to demand repayment within one year. Previously, these loans were classified as a long-term liability to the extent the lender did not have an intention to demand repayment within one year. The Company has applied this guidance prospectively and has therefore reclassified the callable debt of \$416,927 to current debt as at December 31, 2002.

3. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements include the accounts of the following companies, after elimination of all material intercompany balances and transactions:

Boston Pizza International Inc. and subsidiaries:

Lansdowne Holdings Ltd.	100%
Boston Pizza (Asia) Ltd.	75%
Boston's The Gourmet Pizza, Inc.	100%
Vernon Property Management Inc.	50%
Winston Churchill Pizza Ltd.	100%

(b) Inventory:

Inventory of supplies is valued at the lower of cost and replacement cost.

(c) Capital assets:

Capital assets are recorded at cost less accumulated amortization.

Boston Pizza International Inc.

Notes to Consolidated Statements

PERIOD FROM SEPTEMBER 1, 2002 TO DECEMBER 31, 2002

YEARS ENDED AUGUST 31, 2002 AND 2001

3. Significant accounting policies (continued):

(d) Depreciation and amortization:

The Company provides for depreciation of capital assets and amortization of deferred charges over their estimated useful lives as follows:

Asset	Basis	Rate
Building	Declining balance	4%
Office furniture and equipment	Declining balance or straight-line	20% to 50%
Office furniture and equipment under capital lease	Straight-line at various rates	up to 15 years
Leasehold improvements	Straight-line	term of the lease
Tenant inducement costs	Straight-line	10 years
Automobile	Declining balance	30%

(e) Revenue recognition and deferred revenue:

(i) Sales - company restaurants:

Revenue from restaurant operations is recorded when services are rendered.

(ii) Franchise fee income:

Area franchise fees:

Area franchise fee deposits are deferred until the agreed number of franchisee-owned restaurants are opened. The area franchise fee is expected to match costs incurred by the Company during the pre-opening period and is amortized into income based on the number of restaurants opened. In the event that the required number of restaurants are not opened during the specified time period, the deposit becomes non-refundable and is recognized as income.

Monthly franchise fee:

Monthly franchise fees are recorded as they are earned, net of any allowance for doubtful accounts.

Franchise fee deposits:

Franchise fee deposits are presented net of expenses incurred relating to the sale of the franchise. Such amounts are deferred and recorded as a liability until the franchise commences operations, at which time the amounts are recorded as initial franchise fees.

(iii) Supplier contributions:

The Company receives supplier contributions from franchisee suppliers to be used for various franchise activities. Amounts received in advance of the expenditures are deferred and either netted against the actual costs incurred in the year of the applicable expense or are amortized over the period of the contribution agreement.

(f) Income taxes:

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

The refundable portion of taxes on investment income is charged to retained earnings. The recovery of refundable taxes previously charged to retained earnings is credited to retained earnings in the period it becomes receivable.

(g) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, balances with banks, and short-term investments of three months or less.

Boston Pizza International Inc.

Notes to Consolidated Statements

PERIOD FROM SEPTEMBER 1, 2002 TO DECEMBER 31, 2002

YEARS ENDED AUGUST 31, 2002 AND 2001

3. Significant accounting policies (continued):

(h) Restaurant locations - Canada:

	December 31, 2002	August 31, 2002
Company owned restaurants included in the Royalty Pool	2	2
Franchised restaurants included in the Royalty Pool	152	152
	154	154
Company owned restaurants excluded from the Royalty Pool	—	—
Franchised restaurants excluded from the Royalty Pool	9	8
	9	8
	163	162

(i) Investment in BP International Rights Holdings Inc.:

As part of the sale of intangible assets (note 4), the Company transferred to BP International Rights Holdings Inc. ("IP Co") (a company controlled by the ultimate shareholders of the Company) certain intellectual property ("the Operating Systems") in exchange for preferred shares of IP Co.

The Operating Systems consist of processes, procedures, and all other intellectual property inherent to the Operating Systems for use outside of Canada.

(j) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the valuation of accounts receivable and long-term receivables, capital assets, future income tax benefits and deferred charges.

(k) Goodwill:

Goodwill represents the excess of the purchase price over the fair value of net assets acquired, and is being amortized on a straight-line basis over 20 years. On an ongoing basis, management reviews the valuation and amortization of goodwill, taking into consideration any events and circumstances which might have impaired its carrying value.

(l) Investment in joint venture:

The Company has a 50% interest in the corporate joint venture Vernon Property Management Inc. The consolidated financial statements include the Company's proportionate share of the assets, liabilities, revenues and expenses of the joint venture, however, since the amounts are not significant, separate disclosure has not been presented for this joint venture.

(m) Financial instruments:

(i) Fair values:

The carrying values of cash and bank indebtedness, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of the instruments. The interest bearing portion of the long-term receivables, long-term debt and loan from the Boston Pizza Royalties Income Fund bear interest at rates that, in management's opinion, approximate the current interest rates and therefore approximate their fair value. Included in long-term receivables are non-interest bearing advances to related companies totaling \$5,568,391 (2002 - \$8,128,182), accordingly management has not determined the fair value of these advances.

(ii) Credit risk:

The distribution of the Company's franchisees and suppliers and the business risk management procedures have the effect of avoiding any concentration of credit risk.

Boston Pizza International Inc.

Notes to Consolidated Statements

PERIOD FROM SEPTEMBER 1, 2002 TO DECEMBER 31, 2002
YEARS ENDED AUGUST 31, 2002 AND 2001

3. Significant accounting policies (continued):

(n) Comparative figures:

Certain of the figures presented for comparative purposes have been reclassified to conform with the financial statement presentation adopted for the current period. Long-term investments and deferred revenue relating to the Company's ownership interest in the Partnership has been reclassified by \$33,842,752 for the year ended August 31, 2002.

4. Sale of intangible assets:

On July 17, 2002, the Boston Pizza Royalties Income Fund (the "Fund") successfully completed an offering of units. A portion of the net proceeds of the offering were used by the Fund to indirectly acquire through an interest in Boston Pizza Royalties Limited Partnership (the "Partnership") all rights in Canada and to certain trademarks, pending trademark applications, unregistered trademarks used in the business of the Company, trade names and in all goodwill associated with those trade names, owned by the Company (collectively, the "BP Rights"). The Partnership acquired the BP Rights from the Company in exchange for cash and by issuing partnership interests. The Partnership and the Company entered into a licence and Royalty agreement (the "Licence and Royalty Agreement") to allow the Company the Canadian use of the BP Rights for a term of 99 years, for which the Company will pay a royalty equal to 4% of the franchise revenues (as defined) of certain restaurants located in Canada (the "Royalty Pool"). The proceeds received on the sale of the BP Rights by the Company to the Partnership, a partnership ultimately controlled by the Fund, were \$109,348,900, consisting of \$51,296,000 in cash and \$58,052,900 in partnership units. As part of this transaction, long-term debt owing to the Canadian chartered bank affiliate of Scotia Capital Inc. was issued to the Company in the aggregate amount of \$24,000,000 (the "BP loan") which bears interest at 7.5% and is repayable 40 years from the closing of the offering. This debt was acquired by the Fund, using the remaining net proceeds of the offering. The BP loan is secured by means of a general security agreement granted to the Fund by the Company and each

of its subsidiaries that own a Boston Pizza restaurant over certain assets of the Company and each of these subsidiaries. The proceeds and resulting gain are as follows:

Proceeds:	
Cash	\$ 51,296,000
1,605,290 class A units of the Partnership	16,052,900
100,000,000 class B units of the Partnership	18,000,000
2,400,000 class C units of the Partnership	24,000,000
	<u>109,348,900</u>
Less: book value of intangible assets	
and disposition costs	<u>(250,001)</u>
Deferred gain on sale	109,098,899
Less: class B units recorded for future restaurants	<u>(18,000,000)</u>
Net deferred gain on sale	91,098,899
Amortization of deferred gain	<u>(264,059)</u>
Net deferred gain on sale at December 31, 2002	<u>\$ 90,834,840</u>

5. Transfer of investment in Limited Partnership:

The Company had a majority interest in Boston Pizza Restaurant LP (the "Limited Partnership") effective September 1, 2000. Since the Limited Partnership is in the process of developing its market and concept in the United States the Company expenses these costs, net of applicable franchise fee income, as incurred. Effective September 1, 2002, the Company transferred its 96.5% Limited Partnership interest

Boston Pizza International Inc.

Notes to Consolidated Statements

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YEARS ENDED AUGUST 31, 2002 AND 2001

5. Transfer of investment in Limited Partnership (continued):

to BP Limited Partnership Holdings Inc., a related party for a purchase consideration of 1,000 preferred shares of BP Limited Partnership Holdings Inc. The assets and liabilities transferred were as follows:

Net working capital, including cash of \$157,670	\$	(67,968)
Capital assets		85,053
Net due from related parties		225,463
	\$	242,548

6. Long-term investments:

The Company's investment in the Partnership is comprised of:

Boston Pizza Royalties Limited Partnership:		
1,605,290 class A units of the Partnership (a)	\$	16,052,900
100,000,000 class B units of the Partnership (b)		18,000,000
2,400,000 class C units of the Partnership (c)		24,000,000
Equity income to date		1,672,582
Distributions from the Partnership to date		(1,707,124)
		58,018,358
Portion of deferred gain relating to class B units received for future restaurants		(18,000,000)
Net investment in Partnership		40,018,358
Investment in BP Limited Partnership Holding Inc.		242,548
Investment in BP GP		20
	\$	40,260,926

(a) Class A Partnership units rights and attributes:

The Company has the right to exchange each class A Partnership unit it holds for one unit of the Fund ("Units") by delivering such class A Partnership units to the Boston Pizza Holdings Trust (the "Trust"). Class A Partnership units carry voting rights equal to the number of Units into which such class A Partnership units are exchangeable at the time. Subject to the prior rights of the holders of the class C Partnership units, the holders of the class A Partnership units will be entitled to receive a cumulative preferential cash distribution in an amount equal to the total distribution in respect of class C Partnership units multiplied by the number of issued class A Partnership units divided by the number of issued Partnership units. Class A Partnership units are also entitled to a pro rata share of residual distributions of the Partnership.

(b) Class B Partnership units rights and attributes:

Class B Partnership units were issued for the right to receive a royalty based on the franchise revenue associated with restaurants to be opened in the future and their fair market value is based on the estimated future revenues.

The Company has the right to exchange each class B Partnership unit it holds for a number of Units based, at any time, on a defined calculation which is based on the net franchise revenues from restaurants opened subsequent to July 17, 2002 and restaurants open for less than twelve months at April 30, 2002. Class Partnership B units held by the Company carry voting rights equal to the number of Units into which such class B Partnership units are exchangeable at that time.

Subject to the prior rights of the holders of class C Partnership units, the holders of the class B Partnership units will be entitled to receive a cumulative preferential cash distribution equal to the distribution on class C Partnership units multiplied by the number of class B Partnership units issued, multiplied by a defined ratio which is based in part on the net franchise revenues from restaurants opened subsequent to July 17, 2002, and divided by the number of issued LP units. Class B Partnership units are also entitled to a pro rata share of residual distributions of the Partnership.

(c) Class C units Partnership rights and attributes:

Class C Partnership units carry no voting rights. The holders of class C Partnership units will be entitled to receive a monthly cumulative preferential cash distribution equal to \$0.0625

Boston Pizza International Inc.

Notes to Consolidated Statements

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YEARS ENDED AUGUST 31, 2002 AND 2001

6. Long-term investments (continued):

per such class C Partnership unit. The Company, as holder of class C Partnership units, will have the right to transfer class C Partnership units to the Trust in consideration for the assumption by the Trust of, and the concurrent release of the Company of its obligations with respect to, an amount of the indebtedness under the BP loan equal to \$10.00 for each class C Partnership unit to be transferred.

7. Long-term receivables:

Long-term receivables consists of the following:

	December 31, 2002	August 31, 2002
Debentures receivable, bearing interest between prime plus 2% and 11% per annum, receivable in blended monthly payments of approximately \$2,800	\$ 83,179	\$ 91,296
Advances to companies owned by shareholders of the Company, non-interest bearing, unsecured with no specified terms of repayment	5,568,391	8,128,182
Promissory notes to companies owned by the shareholders of the Company, bearing interest at 7.6%, unsecured with no specific terms of repayment	17,229,834	17,229,834
	22,881,404	25,449,312
Current portion	6,255,789	3,254,978
	\$ 16,625,615	\$ 22,194,334

8. Capital assets:

	Cost	Accumulated amortization	Net book value
December 31, 2002			
Land	\$ 423,055	\$ —	\$ 423,055
Building	393,122	83,180	309,942
Office furniture and equipment	2,940,157	2,012,436	927,721
Office furniture and equipment under capital lease	210,263	122,254	88,009
Leasehold improvements	1,670,704	818,017	852,687
Auto	24,176	5,679	18,497
	\$ 5,661,477	\$ 3,041,566	\$ 2,619,911
August 31, 2002			
Land	\$ 423,055	\$ —	\$ 423,055
Building	393,122	78,667	314,455
Office furniture and equipment	2,900,728	1,952,825	947,903
Office furniture and equipment under capital lease	209,003	104,785	104,218
Leasehold improvements	1,727,887	812,515	915,372
Auto	24,176	3,626	20,550
	\$ 5,677,971	\$ 2,952,418	\$ 2,725,553

Boston Pizza International Inc.

Notes to Consolidated Statements

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YEARS ENDED AUGUST 31, 2002 AND 2001

9. Deferred charges:

	Cost	Accumulated amortization	Net book value
December 31, 2002			
Tenant inducement	\$ 100,000	\$ 55,833	\$ 44,167
Deferred finance charges	60,000	5,000	55,000
Goodwill and other	3,667,027	3,595,689	71,338
	\$ 3,827,027	\$ 3,656,522	\$ 170,505
August 31, 2002			
Tenant inducement	\$ 100,000	\$ 52,500	\$ 47,500
Deferred finance charges	60,000	1,000	59,000
Goodwill and other	3,667,027	3,537,412	129,615
	\$ 3,827,027	\$ 3,590,912	\$ 236,115

10. Long-term debt:

Long-term debt consists of:

	December 31, 2002	August 31, 2002
HSBC Bank of Canada demand, non-revolving loan bearing interest at 5.25% per annum, due January 1, 2007, secured by a first charge on land and building	\$ 446,493	\$ 455,494
GE Capital Canada Equipment Financing Inc. term loan bearing interest at 8.2% per annum, due September 3, 2006, repayable in blended monthly installments of \$16,070 secured by a first charge on leaseholds and equipment	620,713	667,228
GE Capital Canada Equipment Financing Inc. term loan bearing interest at Government of Canada Bond rate plus 3% per annum, repayable by blended monthly payments of \$8,159, due November 5, 2004, secured by restaurant equipment	171,866	198,874
Obligation under equipment financing arrangements	105,017	120,194
	1,344,089	1,441,790
Current portion	728,311	299,299
	\$ 615,778	\$ 1,142,491

In accordance with EIC-122 as described in note 2(b), \$416,927 has been classified as current in 2002.

Boston Pizza International Inc.

Notes to Consolidated Statements

PERIOD FROM SEPTEMBER 1, 2002 TO DECEMBER 31, 2002
YEARS ENDED AUGUST 31, 2002 AND 2001

10. Long-term debt (continued):

The obligations under equipment finance arrangements are secured by specific assets of the Company.

Term loans are secured by a general assignment of book debts and certain guarantees from the shareholders and related companies.

Principal repayments on long-term debt and capital lease obligations for the next five years ending December 31 are as follows:

2003	\$	311,384
2004		332,472
2005		207,683
2006		172,703
2007 and thereafter		319,847
	\$	1,344,089

11. Income taxes:

Income tax expense as reported differs from the amount that would be computed by applying the combined Federal and provincial statutory income tax rates to earnings before income taxes. The reasons for the differences are as follows:

	December 31, 2002	August 31, 2002	August 31, 2001
Earnings (loss)			
before income taxes	\$ 354,278	\$ (1,070,202)	\$ (329,052)
Combined Canadian federal and provincial tax rates	38.02%	40.16%	43.00%
Computed "expected" tax expense (recovery)	134,696	(429,793)	(141,492)
Increased (reduced) by:			
Amounts not deductible	24,526	189,632	43,172
Non-controlling interest of Limited Partnership	—	56,405	157,350
Tax benefit (expense) charged to retained earnings for refundable tax	(7,942)	328,113	—
Difference between statutory rate and actual rate	(18,377)	(107,924)	—
Other	12,976	2,930	—
Income tax expense	\$ 145,879	\$ 39,363	\$ 59,030

Boston Pizza International Inc.

Notes to Consolidated Statements

PERIOD FROM SEPTEMBER 1, 2002 TO DECEMBER 31, 2002
YEARS ENDED AUGUST 31, 2002 AND 2001

11. Income taxes (continued):

The tax effects of temporary differences that give rise to significant portions of the future tax assets and liabilities are:

	December 31, 2002	August 31, 2002
Future income tax assets (liabilities):		
Deferred gain	\$ 13,774,988	\$ 13,818,724
Investment in Partnership (note 3)	(1,645,277)	(1,676,034)
Investments in related companies	29,347	—
Losses carried forward	18,119	7,865
Capital assets	(33,354)	(31,512)
Deferred revenue	313,009	320,316
Goodwill and other intangibles	215,421	234,642
	12,672,253	12,674,001
Current future income tax assets	143,055	131,518
	12,529,198	12,542,483
Non-current future income tax liabilities	31,381	31,381
Non-current future income tax assets	\$ 12,560,579	\$ 12,573,864

12. Share capital:

Authorized:

10,000 common shares of no par value

	December 31, 2002	August 31, 2002
Issued:		
100 common shares	\$ 100	\$ 100

13. Commitments:

- (a) The Company is committed under operating lease contracts for office space, restaurant space and advertising contracts. The minimum annual rental payments under these leases for the next five years ending December 31 are as follows:

2003	\$ 1,130,433
2004	1,134,570
2005	712,057
2006	508,021
2007	337,056

- (b) Pursuant to the License and Royalty Agreement (note 4), system sales from the restaurant locations included in Royalty Pool for the current period from September 1, 2002 to December 31, 2002 amounted to \$87,925,526 (August 2002 - \$36,277,448) and the royalty paid for the year amounted to \$3,517,021 (August 2002 - \$1,451,098).
- (c) The Company has drawn \$872,000 on a letter of credit on behalf of a shareholder of the Company, which expires on April 30, 2003.

14. Contingent liabilities:

- (a) The Company guarantees lease payments totalling \$180,000 for one of its franchisees.
- (b) The Company is involved in trademark litigation with entities affiliated with McDonald's Restaurant of Canada (the "McDonald's Group"), opposing the registration of the Boston Market trademark. Management believes that there is likelihood that the trademark will not be registered. Additionally, the Company has commenced an action against the McDonald's Group to prevent them from infringing the Company's interest in the trademarks by operating Boston Market in Canada. The McDonald's Group has filed a counterclaim and a separate action challenging the validity of the registered trademark "Boston Pizza" and related trademarks under the Trademarks Act

Boston Pizza International Inc.

Notes to Consolidated Statements

PERIOD FROM SEPTEMBER 1, 2002 TO DECEMBER 31, 2002
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14. Contingent liabilities (continued):

(Canada). In July 2002, the BP Rights were sold to the Partnership which, as a result of a recently filed notice of application by the McDonald's Group, is now a direct party in the litigation proceedings.

15. Related party transactions:

Interest received on advances to a company under common control totalled \$273,418 (August 2002 - \$180,341).

Included in accounts payable and accrued liabilities is \$702,230 (August 2002 - \$1,055,425) payable to the Company's parent company in respect of outstanding trade payables. Included in accounts receivable is \$482,665 and \$18,498 (August 2002 \$175,845 and \$217,184) due from companies under common control and the Fund, respectively. Also included in accounts receivable is \$52,587 (2002-\$156,690) for administrative services provided to a related party.

Included in administrative expenses and restaurant operating costs are amounts paid by the Company relating to rent and management fees and bonuses to companies under common control totaling \$120,216 (2002 - \$364,307) and \$1,146,000 (2002 - \$3,368,340), respectively. Additionally, included in management bonus is \$351,288 (2002 - \$1,603,390) paid to the Company's parent for services rendered.

The Company's interest in the Limited Partnership arose out of a partnership with a company under common control.

Long-term receivables include amounts owing from various related parties (note 7).

The Company paid interest on the loan from the Fund of \$600,000 (2002 - \$222,750).

16. Segment reporting:

Management has determined the Company operates in one segment, which involves franchise fee income, sales from company restaurants and rental income. Substantially all of the Company's assets and revenues are located or earned in Canada, the Company's U.S. territorial development expense is incurred substantially in the U.S. and these operations were transferred to a related party (note 5).

17. Supplementary information:

	Period from September 1, 2002 to December 31, 2002	Year ended August 31, 2002	Year ended August 31, 2001
Cash paid for:			
Interest	\$ 634,876	\$ 498,030	\$ 230,231
Income taxes	5,510,686	—	367,259
Non-cash transactions:			
Investment in the Boston Pizza Royalties Limited Partnership in exchange for partial payment on sale of intangible assets (note 6)	—	58,052,900	—

18. Subsequent event:

On January 1, 2003, eight new Boston Pizza restaurants opened during the period from May 1, 2002 to November 1, 2002 were added to the Royalty Pool. The franchise revenue of these eight new restaurants have been estimated at \$15.0 million annually. The total number of restaurants in the Royalty Pool has increased to 162. The yield of the Fund Units was determined to be 10.25% calculated using a weighted average unit price of \$9.72. Weighted average unit price is calculated based on the market price of the unit traded on the TSX during the period of twenty consecutive days ending on the fifth trading day before January 1, 2003. As a result of the contribution of the additional net sales to the Royalty Pool, the Company's Additional Entitlement is equivalent to 448,273 Fund Units, being 4.46% of the issued and outstanding Fund Units on a fully diluted basis. The Company will also receive a proportionate increase in monthly distributions from the Partnership. Including the Additional Entitlement described above, the Company has the right to exchange its units in the capital of the Partnership for 2,372,206 Fund Units, representing 23.58% of the issued and outstanding Fund Units on a fully diluted basis. The Company has agreed to maintain at least a 20% ownership, direct or indirect, in the Fund until such time as there are 275 restaurants in the Royalty Pool.

Unitholder Information

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The Boston Pizza International Inc. Corporate Mission Statement

**TO BE A WORLD CLASS FRANCHISOR THROUGH SELECTING AND TRAINING PEOPLE
TO PROFITABLY MANAGE AN OUTSTANDING FOODSERVICE BUSINESS.**

TO ACHIEVE THIS GOAL WE ARE INNOVATIVE AND RESPONSIVE
IN OUR APPROACH IN BUSINESS. WE WORK AS A TEAM PROVIDING ATTENTION TO DETAIL BUT
NEVER LOSING SIGHT OF THE LARGER PICTURE. WE RECOGNIZE THE NEED TO PROVIDE LEADERSHIP
IN ALL AREAS OF THE OPERATIONS, MARKETING AND RESTAURANT DEVELOPMENT.



ROYALTIES INCOME FUND

www.bpincomefund.com